Board—this is an organisation working under the auspices of the Commerce Ministry—sometimes places retstrictions in the interest of the tobacco farmers themselves. This is because this crop is demand-based and unless the production of some varieties is curbed, the prices would fall dramatically. For this reason, sometimes, some targets are fixed by the Indian Tobacco Board. Other than this, no other restrictions are placed on tobacco in respect of cultivation, production and manufacture

Financial Condition of SAIL

*142. SHRI SOM PAL : Will the Minister of STEEL be pleased to state :

(a) whether it is a fact that the financial condition of SAIL is in a bad shape even though the company has been showing profits ;

(b) If so, what is the factual position with regard to its equity capital since 1990-91, the reserves and surplus and the loan position of the company ;

(c) whether Government propose the further disinvestment in SAIL; and

(d) if so, what is the likely bearing on the prices of shares with the financial position of the company ?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL—(SHRI SONTOSH MOHAN DEV) : (a) to (d) A Statement is laid on the Table of the House.

(a) No, Sir.

(b) The factual position with regard to equity capital, reserves and surplus and loans of the company since 1990-91 is given below :

Statement

Rs. Crores

Year	Equity Capital	Reserves & Surplus (net of misc. expenditure to be written off)	Total Lons (excluding interest accrued and due thereon)
1990-91	3,986	690	5,492
1991-92	3,986	957	7,212
1992-93	3,986	1,286	9,521
1993-94	3,986	1,677	11,271

(c) Yes, Sir.

(d) The planned disinvestment by Government of its share-holdings in SAIL during the current year will not affect the financial position of the company. The equity structure will undergo a change as a result of disinvestment but Government will retain the majority share holding. Furthermore, it is not possible to state the likely bearing on the prices of shares at this stage as share prices are governed by many factors.

श्री सोमपाल : सभापति महोदय, माननीय इस्पात मंत्री जी ने जो उत्तर दिया है कि स्टील अथॉरिटी ऑफ इंडिया की वित्तीय स्थिति बहुत मजबूत है, उनके उत्तर की भाषा से उनका आत्मविश्वास और उनका विनिवेश का इरादा लगता है, काफी इस्पाती है पर वास्तविकता ऐसी नहीं है । मेरे पास आंकड़े हैं जो ये दर्शाते हैं कि 1989-90 तक ऋण और साम्या (इक्विटी) पूंजी का अनुपात 1 : 1 से भी कुछ कम था । जो अकस्मात उसके बाद बढ़कर एक के मुकाबले में 2.39 हो गया । जो चालू वर्ष की कुल बिक्री की राशि है, उसके मुकाबले में 29 प्रतिशत के करीब उसके पास स्टॉक पड़े हैं और मुनाफा केवल 8 प्रतिशत है । फिर भी मंत्री जी कहते हैं कि उनकी वित्तीय स्थिति बहुत अच्छी है । जहां तक मेरी जानकारी है, इस वित्तिय स्थिति में खराबी आने के कारण यह है कि सरकार ने उसमें सीधे-सीधे पूंजी लगाने से हाथ खींच लिया

और स्टील अथॉरिटी को विवश कर दिया, महंगे कर्जे लेने पर, जिसके ऊपर उसे ऊंचा ब्याज देना होता है। तो ऐसी परिस्थिति में यह परिवर्तन किन कारणों से आया और उसको ठीक करने के लिए सरकार क्या करने वाली है ?

MR. CHAIRMAN : Please conclude your question.

SHRI SOM PAL : I have put the question, Sir, I have asked what were the reasons for this distortion in the financial position and what the Government is doing to correct this

MR. CHAIRMAN : Then I will ask the hon. Minister to answer. Yes, hon. Minister.

SHRI SONTOSH MOHAN DEV : Sir, the hon. Member has disagreed with my answer. SAIL today is reckoned as the ninth largest producer of the country, and ranked as the fifth by the Metal Bulletin of the World. When you consider the returns from the investment point of view, I do agree with you that it is not commensurate with the total investment, which is about Rs. 10,000 crores for this sector. I agree; I do not disagree. But, at the same time, we cater to 46 to 50 per cent of the needs of the market. Our consumer are Defence, Railways and the people of this country. We cannot burden the people with higher prices which they cannot bear. Hence the profit is less than what it should be. You have said that we have given up the practice of getting budgetary support. No, we have been asked to generate our own internal resources and we continue to do this ; it is going on since 1989. SAIL is not getting any budgetary support. We are having our own resources. But when we take commercial credit or loans from the domestic or international markets, we do consider whether it will be paying for us or it will be causing a loss to us. That is why in this Plan our total investment is about Rs. 13,520 crores. Out of that, the market borrowings are Rs. 6,230 crores. We are not going in for heavy borrowings. We can get money but we are not taking money and we are not doing anything which will be a burden to us.

I fully appreciate your idea that we should earn more profit and we should have more efficiency. This is what we are achieving. You will be happy to know that in 1991-92 we earned a profit of Rs 367.10 crores, Rs.423 crores in 1992-93, and Rs. 545 crores in 1993-94. In April—September 1994 our profit is Rs. 353 crores as against Rs. 62.47 crores in April—September 1993. I am sure this year the achievement of SAIL will be good. I think we should congratulate the about two lakh workers and the about 3,000 engineers who are working there. This is one of the public sector undertakings which is doing very well. We should congratulate them and appreciate the work they are doing. I agree with you that the profit should be more and the efficiency should be more : we are steadily going towards that and we will be able to achieve that.

श्री सोमपाल : सभापति महोदय, माननीय मंत्री जी ने कहा कि हमारे पास रक्षा मंत्रालय, रक्षा विभाग जैसे बहुत बड़े-बड़े ग्राहक इस्पात के हैं और, और भी तहत सारे सरकारी विभाग हैं। इसके बावजूद तीन महीने का स्टॉक सेल जैसे प्रतिष्ठान को रखने का क्या औचित्य है, यह आपने नहीं बताया। महोदय, मुख्य कारण मुनाफा कम होने का यही है। उसके पास ज्यादा से ज्यादा एक महीने का स्टॉक होना चाहिए। यह व्यापारिक प्रतिष्ठान है, यह कोई उद्योग नही है। उसके लिए एक महीने से ज्यादा का स्टॉक रखना वाजिब नहीं है, व्यापारिक दृष्टि से इसका क्या कारण है यह आपने नहीं बताया। दूसरे आप यह कहते हैं कि उसकी वित्तीय स्थिति इतनी मजबूत है। उसके बावजूद भी आप उसको विनिवेश क्यों करने जा रहे हैं ? इसका क्या कारण है और कितने प्रतिशत शेयर आप विनिवेश करेंगे और कितने चरणों में करेंगे ? तीसरे उससे जो धनराशी प्राप्त होगी उसका उपयोग किस काम में करने जा रहे हैं ?

SHRI SONTOSH MOHAN DEV : Sir about the question of piling up of stocks in the stock-yard, last year there was a recession in the steel industry not only in India but all over the world. The demand went down in the international market, and we were also affected apart from that, as you know, last year there was an industrial strike, a Bharat *bandh. Bandhs* affect production. If production stops, it also affects the position. That is why there was no lifting of stock from the stock-yard.

Ideally it should be one month, I agree with you. Now the position has improved. Now the position is that there is so much of demand for our product that we cannot meet it. I get hundreds of applications forwarded by Members of Parliament. We cannot meet them. The situation in the country has improved. The demand in the automobile sector has improved. The infrastructure expenditure as well as construction of houses have improved. Now this situation prevails. We are not holding three months' stock.

As regards disinvestment, the Government has decided to have disinvestment. First 5 per cent was done. Then another 5 per cent was done. Then we gave 0 35 per cent to the employees. That money which is coming, is going to the General Budget to cover the deficit.

Now the Government has agreed to allow us to have disinvestment of 10 per cent of the authorised shares which have not been subscribed, that is, 10 per cent new shares. Part of this 10 P.C. will be raised through GDR issue. We have gone to the Finance Ministry. In principle they have agreed to allow us to go to GDR for US $350m. The process is on. That money will be utilised only for modernisation and development. We expect to raise about Rs. 1,000 crores from the international market. I am sure, when that money comes, modernisation in other steel plants will be easier. The process is going on, but, as you know, it is a long-drawn process. It will take some time. We go to the Cabinet. After its approval, we can move further.

I appreciate your feelings, and we shall take some more steps to see that money comes. Money is coming. The Government has changed its policy. Initially they were taking money only for covering the budget deficit. Now they are giving money to us. We are happy. It will help us. We will not go in for borrowing money. We shall issue shares and get the money.

श्री सोमपाल : सभापति महोदय, एक वक्तव्य छपा है मंत्री महोदय का 21 सितम्बर के इकोनॉमिक टाइम्स में जिसमें इन्होंने कहा है कि विनिवेश से जो पूंजी प्राप्त होगी वह रुग्ण ईकाई के पुनर् उद्धार के लिए इस्तेमाल करेंगे। क्या यह बात सही है ?

SHRI SONTOSH MOHAN DEV : Sir, I expect some measures. I have got some mission. This is subject to the approval of the committee. We are thinking about it. As I said some of the steel plants need money, and I don't think that the Government will stand in the way. We have got one or two sick industries. We are taking care of them. One has gone to the BIFR. We have submitted our plan, and we shall take care of that also.

श्री जनार्दन यादव : माननीय सभापति जी, आपके माध्यम से मैं मंत्री महोदय से यह जानना चाहूंगा कि सेल एक व्यापारिक संस्थान है। सेल के अंदर जो प्लांट्स हैं उसमें लागत पूंजी क्या है ? लागत पूंजी जोड़ कर, घटाकर, लागत पूंजी के इंटरेस्ट को जोड़ कर, घटाकर कितना लाभ सेल को मिल रहा है ? अखबारों से पता लगा है कि सेल को लाभ मिल रहा है लेकिन सेल के अंदर जो प्लांट्स चल रहे हैं वे घाटे में चल रहे हैं यह कहा जा रहा है। तो मैं जानना चाहता हूं कि इन पांच छः प्लांटों में सबसे अधिक लाभ कौन दे रहा है और सबसे अधिक घाटा कौन दे रहा है यह मैं आपके माध्यम से जानना चाहता हूं।

SHRI SONTOSH MOHAN DEV : Sir, our Bhilai Steel Plant is earning profit. Except Durgapur and IISCO and marginally the BISL, all other plants are earning profit. I have got the figures about all the steel plants and I can lay them on the Table of the House. Reading them out here will take time.

As regards total investment, Rs. 7,010 crores is the net fixed asset and Rs. 3,889 is the net working capital. In regard to the return in monetary terms, if you think of putting the amount in the bank, you will get 15 to 16 per cent interest. That is not our aim. Our duty is to make them self-reliant. This unit was started by our founding fathers. Now, we have got about ten million tonne-target in SAIL for crude steel. For the year 2000, the target is about 17 million tonnes We are utilising the minerals which are available. As I said the other day in the House, if you sell one million tonnes of iron ore, you get about Rs. 95 crores. As against that if you sell one million tonnes of steel, you get roughly Rs. 890 crores. So, our aim is to sell the value-added products. That aim we are

ulfilling. If you calculate the investment and eturn, it must be in the range of 3 to 4 per cent. But all industries in the public sector are not to nake profits only. We have to do social justice o the people. We are doing that. In due course f you want, I can increase the price and earn nore profit, but there will be a lot of resistance n the House. So, we have decided to earn a easonable profit and not an unreasonable rofit putting a burden on the consumers.

श्री जनार्दन यादव : सभापति महोदय, एक सेकंड, एक सेकंड ...

MR. CHAIRMAN : Please, no. (*Interuptions*) Will you please sit down ?

SHRI JAGESH DESAI : I am happy that n the six months of the current year, the profit as gone up by four times. It was Rs. 62 crores n the earlier year's six months as well as this ear's six months. I am happy about that. This hows that the public sector can bring good esults. Our Prime Minister has applauded the teel Authority of India, but there are men in ne Government, who day in and day out enigrate the public sector. I want to emphasise nat we should encourage the public sector, ecause it belongs to all of us—to the workers, o the Government and to the people of the ountry.

At the AICC meeting of the Congress arty at Surajkund a concept was propounded nat when the shares are disinvested, a part of ne money received from disinvestment will be iven for making the sick units function. I ould also like to know whether in the Steel uthority of India there are sick units and to nake them viable he would ask the Finance linistry to give funds so that these units can e made viable and functioning. Has the Steel linistry taken this up with the Finance Mi-istry ? If yes, what are the results ?

Secondly, it is the policy of the Government nat workers should be issued shares. As such, hen you are going to issue new shares, ou will get more funds also. If shares re issued to the workers, will you charge remium from them or you are going o give them at face value ? I want a clarification n the points that I have raised.

SHRI SONTOSH MOHAN DEV : Sir, on behalf of the workers and the SAIL, I thank the hon. Member for complimenting the Steel Authority of India. Sir, we fully agree with the hon. Member that at the Congress session it was the guideline. As I said, the Government has accepted it and has allowed us to disinvest 10 per cent. The money that will come will be taken into our Budget for vitalising and modernising those units which need them badly, including the sick units That is our view. The hon. Member has talked about giving shares to the employees. As I said earlier, through disinvestment of shares, we have already given some shares to the employees. In the few years of disinvestment, we have got a price of Rs. 40 11 or Rs. 40 per Rs. 10 share. I think today we are getting Rs. 50 per Rs. 10 share, sometimes Rs. 58 per Rs. 10 share. We have given shares at Rs. 26 per share to the employees. So, we have charged from them at a reduced rate. In future we are not putting any restriction on giving it to the employees.

The modernisation of IISCO steel plant which is being thought of will be done and there also we have offered shares to the employees. They have accepted it.

We have kept in mind the decision taken at the Congress session. The Government has accepted it. Now, the money is being given to the public sector through disinvestment. This money is made available to them as fund raising.

SHRI INDER KUMAR GUJRAL : Mr. Chairman, Sir, a little while ago, my hon friend, the Minister who adorns the Congress Benches has mentioned and talked with a great deal of grace and dignity about the founding fathers of our nation. I hope that he was drawing our attention to the fact that when the steel plants were set up they were thought to be the foundation of nation- building. I think the Minister might be dismayed because the Cabinet is moving in a different direction. Now they are talking in terms of disinvestment. But in reality they are moving away from the dreams of the founding fathers. Not only that, the production of steel is much less in our country per capita. At the same time, we are moving away from the public sector to privatise it.

May I ask the hon. Minister, with your permission, Sir, whether he feels that disinvestment is a garb, a veil to move away from the public sector and liquidate it gradually ? I would like to know from the Minister—I think his Ministry is performing well—whether his Ministry will resist this and take the Parliament into confidence because we are equally wedded to the dream of Nehru.

SHRI SONTOSH MOHAN DEV : Mr. Chairman, Sir, the hon. Member says that we are diluting the dream of our founding fathers. This will not do any justice to the Government. We are not diluting it. One has to realise that in a country like ours which is producing 53 million tonnes of iron ore and exporting about 3 million tonnes of it, we have to see that this is utilised. Keeping in view the ratio of value added product and the iron ore the Government has delicensed the control and has opened this sector to the private sector. The private sector has positively reacted. Twenty-seven mini-steel plants and medium steel plants are in the offing ; and the worry which the hon. Member has expressed will not be there. I must make it clear that though we are not going in for a new public sector steel plant, there is no restriction from the Government on my Ministry to expand the existing steel plants. I can expand the Bokaro steel plant. I can expand the Bhilai steel plant. I can expand the Durgapur steel plant. I can expand the Rourkela steel plant. I do not know who will be there in the Ministry of Steel in future Government come and go. But whichever Government comes, there is no restriction on expansion. We are also thinking to upgrade and increase the production in all our steel plants and thereby the public sector will have its presence in the steel sector. So, the hon. Member need not have any apprehension that we are shirking from our responsibility. At the same time there should be a contributory factor from the private sector. Private investment should come. Our priority area is rural development. That is why Government has stopped going in for new plants. But there is no restriction on expansion. The manner in which the SAIL is generating funds, the manner in which they are getting response from the domestic market and foreign market, I am sure that they will be able to do much better. If the Durgapur steel plant runs into profit from this year, then, from the next year its production will go up. It will not go down. The same thing can happen in the Rourkela steel plant. After modernisation the quantity of production will go up. We have not stopped our effort to increase the production in the public sector steel plants. We are only not taking up new steel plants. This is a fact. But that may be a temporary pheno - menon. In future if we earn more money then, we can invest.

SHRI INDER KUMAR GUJRAL : What about disinvestment ?

SHRI SONTOSH MOHAN DEV : As for disinvestment, as my colleague, Shri Jagesh Desai, has rightly said, there was pressure from all, irrespective of parties, that a part of the disinvestment fund should go to the public sector. All the parties, Bharatiya Janta Party Janta Party, CPM, CPI and Congress, wanted it. It was the demand of the House. I am glad that the Government has accepted it. They have allowed us, to a certain extent, to take the money into our kitty to spend. So, the echo which was raised in the house has been accepted by the Government. If you propagate more, it would help us. We would request you that you should also try to help us further in future.

DR. ALLADI P. RAJKUMAR : Mr. Chairman, Sir, the hon. Minister is telling us that the financial position of the SAIL is strong. Why is the Government adopting a short-sighted attitude towards the Visakhapatnam Steel Plant? Last year, when the hon. Prime Minister visited there, he promised that due importance would be given to the Visakhapatnam Steel Plant expansion. I would like to know from the hon. Minister whether the proposal for expansion will be taken up in the near future. Is there any proposal to sell equity share to national companies, foreign companies ?

SHRI SONTOSH MOHAN DEV : Sir, it is very unfortunate to say that the Government of India has not yet planned. It has made an investment of Rs. 8,000 crores without any return. After our Government has come in, we have brought it back on the rails. Today, the Government has restructured the capital of the Vizag Steel Plant and it is now running in the right direction. The hon. Member should be happy to know that from next year, it will turn in cash profits

This is the position. We are not disinvest in any share. But we are thinking of upgrading it with collaboration from outside because 'the liquid steel', as they call it, or the pig iron which is available in excess of the capacity may be converted into steel with the help of others. We are not privatising. The Government of India is quite sympathetic. We know that the presence of the Government of India in the public sector in steel in the South is through the Vizag Steel Plant. I can assure the hon. Member that nothing will be done which will go against this particular plant. This is the only plant there. Even this year, Budgetary support has been given to it. No Budgetary support is given to any steel plant. But, for the Vizag Steel Plant, this year also, we are getting Budgetary support. So, the Government is quite sympathetic and is alive to its responsibility. The hon. Member and all those who are concerned about this Plant, need not worry about it.

MR. CHAIRMAN : Question No. 143. Shri Upendra. Not there. Shri Chimanbhai Mehta.

Increase in Reservation Quota by Maharashtra Government

*143. SHRI P. UPENDRA :

SHRI CHIMANBHAI MEHTA :†

Will the Minister of WELFARE be pleased to state :

(a) whether it is a fact that the Government of Maharashtra has decided to increase the reservation quota in jobs and education for OBCs and BCs above the limit of 50% stipulated by the Supreme Court :

(b) if so, what is the response of the Central Government thereto; and

(c) whether Government are aware of the fact that the Supreme Court has rejected the hike of reservation above 50% in medical colleges of Tamil Nadu even after the protection given to Tamil Nadu's 69% Reservation Act under the 9th Schedule of the Constitution ?

THE MINISTER OF STATE IN THE MINISTRY OF WELFARE (SHRI P. V. THANGKA BALU) : (a) to (c) A statement is laid on the Table of the House.

Statement

The Government of Maharashtra through its Resolution dated 8th December, 1994 has provided 2% reservation for certain specified communities in State services and in educational institutions under "Special Backward Category". This is in addition to 50% reservation already given by the State Govt for SCs, STs, OBCs etc.

In the matter of State services and educational institutions under the State Govt., it is upto the State Govt. to adopt suitable reservation policy keeping in view the condition prevailing in the state and the Constitutional responsibilities.

The Supreme Court in a Writ Petition challenging the validity of the Tamil Nadu Backward Classes, Scheduled Castes and Scheduled Tribes (Reservation of seats in Educational Institutions and of appointments or posts in the services under the State) Act 1994 which provides 69% reservation for Backward Classes (SCs, STs & OBCs), has referred that matter to a Constitution Bench. In the interlocutory application filed in this Writ Petition, the Supreme Court has directed the Tamil Nadu Govt. to create 62 additional seats in Medical Colleges. The Supreme Court has not granted the stay of the Act as prayed for by the petitioner.

श्री चिमनभाई मेहता : श्री थंगबालू जी हिंदी कम जानते हैं और केसरी जी अगर आते होते—क्योंकि वे तो ईसकलेशन कर रहे हैं रिजरवेशन का, तो मेरे लिए जरा ठीक रहता । लेकिन जो जवाब दिया गया है और ...

Mr. Thangka Balu, can you understand my Hindi ? (*Interruptions*). Okay, I will speak in English for his benefit.

Sir, the answer to the question is totally evasive. What I have asked is whether the increase of quota in Maharashtra above 50 per cent is violative of the Supreme Court's judgment. The reply to that is not given at all, Sir. Secondly, they have said that the State Governments are announcing reservation policies according to the constitutional responsibilities. Is it acorrect statement that you are making Sir, the Constituent Assembly had opposed

†The Question was actually asked on the floor of the House by Shri Chimanbhai Mehta.